



FINANCIAL MANAGEMENT GUIDE
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SECTION I

INTRODUCTION

PURPOSE AND SCOPE

The School-to-Work Branch (STW), 2002–03 Financial Management Guide contains the fiscal requirements for subgrantees funded by the School-to-Work Opportunities Act of 1994 and the 1998 School To Careers Legislation. Any further reference to subgrantees contained in this document, when related to administrative and fiscal requirements, also applies to contractors, subcontractors, etc. The School-to-Work Financial Management Guide was formally adopted by the Workforce Partnership Council on January 11, 1996.

The detailed administrative requirements of the School-to-Work initiative are governed by the United States Department of Labor's Administrative Regulations. The School-to-Work Opportunities Act of 1994 is the statutory authority for the School-to-Work initiative.

Copies of the above U.S. Department of Labor's Administrative Regulations, the School-to-Work Opportunities Act of 1994, The School To Careers Legislation and Office of Management and Budget (OMB) Circulars referenced throughout this guide may be obtained, upon request, from the School-to-Work Branch.

APPLICABILITY

The School-to-Work Branch Financial Management Guide has been developed to provide **subgrantees** guidance, directions and instructions to ensure that the financial responsibilities for the School-to-Work/School To Careers grant are fulfilled. Policies established by administrative standards, cost principles and applicable state and federal laws are incorporated into this guide.

All subgrantees, (including but not limited to, Local Labor Market Area Partnership Councils, Universities and Community Colleges, Kentucky Tech, Local Education Agencies (LEAs), Area Development Districts and other state agencies) who receive School-to-Work/School To Careers funds shall adhere to the policies and procedures outlined in the School-to-Work Financial Management Guide in addition to any other local, state and federal regulations that govern the subgrantees' organizations.

SECTION II

**STANDARDS FOR
FINANCIAL
MANAGEMENT
SYSTEMS**

Financial Administration

A subgrantee must expend and account for grant funds in accordance with federal, state, and local laws and procedures for expending and accounting for its own funds. Fiscal control accounting procedures of subgrantees, as well as cost-type contractors, must be sufficient to:

1. Permit preparation of reports required by the US Department of Labor and the statutes authorizing the grant; and
2. Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibition of applicable statutes.

The financial management systems of subgrantees must meet the following standards:

Financial Reporting

Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the Commonwealth of Kentucky, Workforce Development Cabinet.

Accounting Records

Subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. Subgrantees must record and track expenditures for both administration and program support separately.

Internal Control

Effective control and accountability must be maintained for all subgrant cash, real and personal property, and other assets. Subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Budget Control

Actual expenditures or outlays must be compared with budgeted amounts for each subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.

Allowable Cost

Applicable OMB cost principles, agency program regulations, and the terms of subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

Disallowed Cost

The School-to-Work Branch will review all expenditures for allowable costs. Any expenditure found to be disallowed due to a violation of the terms outlined in the subgrant agreement, the School-to-Work Opportunities Act, or the School to Careers Legislation will not be reimbursed.

Source Documentation

Accounting records must be supported by such source documentation as cancelled checks, paid invoices, payrolls, time and attendance records and subcontract award documents, etc.

Budget Modifications

Subgrantees are permitted to modify their budgets in order to meet the conditions set forth in the subgrant agreements. Prior approval of changes (increases or decreases) within and among any approved line items is not necessary until the cumulative dollar amount of the change(s) (increases or decreases) reaches 20% of the original total line item excluding Personnel and Fringe. Changes in excess of 20% and any changes in personnel and fringe MUST receive prior written approval from the School-to-Work Branch. When the 20% dollar figure

II.2

for change has been reached, each and every subsequent change requires prior approval. Upon receipt and review of the line item(s)

change, the School-to-Work Branch shall forward written approval of such changes to the subgrantee. {Even when prior approval is not required, all budget changes must be reported to the School-to-Work Branch on the STW-103, Budget Modification Request form (see Attachment C)}.

All budget modifications must be submitted, in writing, to the School-to-Work Branch thirty (30) days prior to the ending date of the contract on the STW-103, Budget Modification Request form (see Attachment C). A subgrantee may submit a request for budget modification, no more than once, each quarter. All modification requests must be accompanied by a narrative justification.

Other Related Modifications

Subgrantees must obtain the prior approval of the School-to-Work Branch whenever any of the following actions is anticipated:

1. Any revision of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval);
2. Changes in key persons in cases where specified in an application or a grant award. In research projects, a change in the project director or principal investigator shall always require prior approval unless waived by the School-to-Work Branch; and
3. Under nonconstruction projects, contracting out, subgranting (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award. This approval requirement does not apply to the procurement supplies, and general support services.

II.3

Requesting Prior Approval

A request for prior approval of any budget revision will be in the same budget format the subgrantee used in its application and shall be accompanied by a narrative justification for the proposed revision.

A request by a subgrantee for prior approval will be addressed in writing to the School-to-Work Branch. The Office will review such request and approve or disapprove the request in writing. The Office will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the subgrant agreement. No cost, affected by the modification, should be incurred until written prior approval is received by the subgrantee.

Financial Management System Review

The School-to-Work Branch may review the adequacy of the financial management system of any applicant for financial assistance as part of a pre-award review or at any time during an award.

SECTION III

PAYMENTS

Expenditure Reporting

Subgrantees must submit a complete and timely School-to-Work Financial Reporting Invoice, STW-100, to the School-to-Work Branch detailing expenditures of actual costs incurred for both administration and program support (See Attachment A). Invoices are due to the School-to-Work Branch by the 15th of the month after the reporting period. Subgrantees must submit invoices for payment within 45 days of incurrment. Reimbursement will be made based upon approval of the invoice.

The invoice must be supported by appropriate support documentation. Any cost not supported by appropriate documentation and justification will be denied.

Cash Management

Subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

SECTION IV

ALLOWABLE COSTS

Allowable Costs

To be allowable, the cost must be actual, necessary, and reasonable for proper and efficient administration of the School-to-Work/School To Careers initiative. Costs charged to the program shall be accorded consistent treatment through application of Generally Accepted Accounting Principles (GAAP) appropriate to the School-to-Work/School To Careers initiative and conform to any limitation of the grant award. For each type of organization there is a set of federal principles for determining allowable costs. The receipt of federal funds requires that any expenditures of funds be allowable under the cost principles applicable to the organization receiving the grant as outlined by OMB Circulars. The following chart lists the kind of organizations and the applicable cost principles:

For the cost of a -	Use the principles in -
State, local or Indian tribal government	OMB Circular A-87
Private nonprofit organization other than (1) An institution of higher education, (2) a hospital, or (3) an organization named in OMB Circular A-122 as not subject to the circular.	OMB Circular A-122
Educational institution	OMB Circular A-21

Allocation of costs must be made consistent with a written cost allocation plan. Only those items of expenditure as denoted on or within the signed contract agreement or modified agreement are allowable.

The subgrantees must support accounting records with source documentation such as cancelled checks, itemized invoices, receipts, cost allocation plans, lease agreements, subcontract award documents, time and attendance records, etc. Accounting records for matching funds must be supported in the same manner as mentioned above.

IV.1

Limitation On Use Of Funds

Grant funds may be used only for:

1. The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
2. Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to a grantee or subgrantee.

Administrative Cap

The School-to-Work Opportunities Act allows subgrantees to budget up to ten percent (10%) of their total subgrant award for administrative costs. The term “administrative costs” means the activities of a subgrantee that are necessary for the proper and efficient performance of its duties pursuant to the School-to-Work Opportunities Act and that are not directly related to the provision of services to participants or otherwise allocable to the program’s allowable activities. Administration costs may be either personnel or non-personnel costs, and may be either direct or indirect. Costs of administration include those costs that are related to this grant for the following activities:

1. Costs of salaries, wages, and related costs of the subgrantee’s staff engaged in -
 - a) Overall system management, system coordination, and general administrative functions;
 - b) Preparing program plans, budgets, and schedules, as well as applicable amendments;
 - c) Monitoring of local initiatives, pilot projects, contractors, and related systems and processes;
 - d) Procurement activities, including the award of specific contracts, and purchase orders;
 - e) Developing systems and procedures, including management information systems, for ensuring compliance with the requirements under the Act;
 - f) Preparing reports and other documents related to the Act;

- g) Coordinating the resolution of audit findings;
- 2. Costs for goods and services required for administration of the School-to-Work Opportunities system;
- 3. Costs of system-wide management functions; and
- 4. Travel costs incurred for official business in management of the subgrant or administrative activities.

Costs shall be recorded in the fiscal agent's accounting records and reported to the School-to-Work Branch in the following cost categories:

1. Personnel

Compensation for wages and/or salaries for services is allowable and includes all remuneration paid currently or accrued for services rendered during the period of performance under the School-to-Work contract. All costs for personnel will be reimbursed for actual time expended on School-to-Work activities. Any person(s) charging time to the grant award must maintain daily time distributions timesheets or logs documenting time spent and activities performed throughout the day. These records must be signed by both the employee and the employee's supervisor. Employee compensation includes amounts paid to employees during authorized absences from the job such as for annual leave, sick leave, court leave, military leave, etc., so long as approved under the local agency's plan. The costs of such compensation are allowable to the extent that the total compensation for individual employees:

IV.3

- a) Is reasonable for the services rendered. Compensation for employees engaged in federally-assisted activities will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the State or local government or non-profit organizations.

- b) Is documented with payroll and distribution of time records. Amounts charged to School-to-Work programs will be based on payrolls documented and provided in accordance with generally accepted accounting principles of the state or local agency. Payrolls must be supported by time and attendance or equivalent records for both salaried and hourly employees.

NOTE: The Salary of a person who spends time on two or more grants must be split between the grants using an acceptable method of distributing costs.

2. Fringe

Calculation of fringe will apply to all employee compensation amounts paid to employees during authorized absences from the job such as for annual leave, sick leave, court leave, military leave, etc. as long as such benefits are granted under the local agency's approved plans. The following identified costs, which may include but not limited to, are allowable to the extent that total compensation for employees is reasonable:

- a) Employer's contribution or expenses for social security;
- b) Employee's life and health insurance plans;
- c) Unemployment insurance coverage;
- d) Worker's compensation insurance;
- e) Pension plans; and
- f) Severance pay.

IV.4

3. Travel

Each subgrantee must adopt a policy for in-state and out-of-state travel. All travel reimbursement will be made in accordance with the subgrantee's adopted policy.

4. Equipment

No equipment purchases will be allowed with these School-to-Work Funds.

5. Supplies

A supply is defined as all tangible personal property other than “equipment”. The cost of materials and supplies necessary to carry out the School-to-Work initiative is allowable. Purchases made specifically for the program should be charged thereto at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received by the subgrantee. Supplies from general stores or stockrooms should be charged a cost under any recognized method of pricing consistently applied. Incoming transportation charges are a proper part of material cost. All purchases for supplies must have a purchase order, invoice receipt, pay document, or cancelled check as support documentation for their purchase.

6. Contractual

Contractual is defined as funds used for (1) procurement contracts, with the exception of costs which belong in the other categories such as supplies and equipment, and (2) subcontracts.

7. Other

“Other” means all direct and indirect costs not clearly covered by the above six (6) cost categories, including consultants, liability insurance and fiscal agent’s fee.

(No promotional items may be purchased with grant funds; this includes coffee mugs, pens/pencils, shirts, etc.)

IV.5

SECTION V

PERIOD OF AVAILABILITY OF FUNDS

Funding Period

A subgrantee may charge to the award only costs resulting from obligations of the funding period, unless carryover of unobligated balances is permitted.

Close-out

The close-out of an agreement is the process by which it is determined that all applicable administrative actions and all required work elements have been completed. The subgrantee is responsible for ensuring an orderly and timely close-out of all agreements and the financial settlement of all claims. Each agreement be closed out as promptly and as feasible after expiration or termination of the agreement. In closing out agreements the following shall be observed:

1. Each subgrantee must submit a close-out report no later than forty-five (45) days from the date of expiration or termination of the agreement;
2. If an agreement is closed out without audit, the School-to-Work Branch has the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit which may be conducted later;
3. The close-out of an agreement does not affect the retention period for, or rights of access to, grant records; and
4. Any unexpended balance of funds must be accounted for and returned to the School-to-Work Branch.

The close-out report shall consist of:

1. A final School-To-Work Financial Reporting Invoice, STW-100, (see Attachment A) documenting cumulative revenues and expenditures and match expenditures for the subgrant agreement;
2. A final School-To-Work Quarterly Financial Match Report, STW-101, (see Attachment B) documenting cumulative match expenditures for the subgrant agreement; and
3. Reimbursement of any unexpended balance of funds.

SECTION VI

MATCHING COST

Required Match

Subgrantees shall submit a complete and timely School-to-Work Quarterly Financial Match Report, STW-101, to the School-to-Work Branch detailing expenditures of actual costs and in-kind contributions counted towards satisfying the match requirement (see Attachment B). Reports are due by the 15th of the month after the reporting period. The report must be supported by back-up documentation to be retained by the fiscal agent for audit purposes.

A cost-sharing or match requirement may be satisfied by either or both of the following:

1. Allowable costs incurred by the subgrantee under the award. This includes allowable costs paid by non-Federal grants or by other cash donations from non-Federal third parties; and
2. The value of third party in-kind contributions applicable to the period to which the cost-sharing or matching requirement applies.

Exceptions and Qualifications

Except as provided by Federal statute, a cost-sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a subgrantee from a contract awarded under another federal grant.

Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of the grant agreement if they have been or will be counted towards satisfying a cost-sharing or matching requirement of another federal grant agreement, a federal procurement contract, or any other award of federal funds.

Costs financed by general program income shall not count towards satisfying a cost-sharing or matching requirement of the grant supporting the activity giving rise to the income unless the terms of the grant expressly permit the income to be used for cost-sharing or matching.

Records

Costs and third party in-kind contributions counting towards satisfying a cost-sharing or matching requirement must be verifiable from the records of subgrantees or cost-type contractors. Verification records must show how the value placed on third party in-kind contributions were derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of its regular personnel costs.

Special Standards For Third Party In-Kind Contributions

Third party in-kind contributions shall count towards satisfying a cost-sharing or matching requirement only if the party receiving the contributions pays for them, the payments would be allowable costs.

A subgrantee in-kind contribution shall not count as direct sharing or matching if the party receiving the contribution would be an indirect cost. Cost-sharing or matching credit for such contributions shall be given only if the subgrantee or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

Valuation Of Donated Services

1. Volunteer Services

Unpaid services provided to a subgrantee by individuals shall be valued at rates consistent with those ordinarily paid for similar work. If the subgrantee does not have employees performing similar work, the rates shall be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

2. Employees Of Other Organizations

When an employer, other than a subgrantee or cost-type contractor, furnishes free of charge the services of an employee in the employee's normal line of work, the services shall be valued at the employee's regular rate of pay exclusive of the employer's fringe benefits and overhead costs. If services are in a different line of work, paragraph (1) above shall apply.

3. Valuation Of Third Party Donated Supplies And Loaned Equipment Or Space

For the purpose of donated supplies, the contribution shall be valued at the market value of the supplies at the time of donation.

If a third party donates the use of equipment or space in a building but retains title, the contribution shall be valued at the fair rental rate of the equipment or space.

SECTION VII

PROGRAM INCOME

Program Income

Program income is defined as gross income received by a subgrantee directly generated by a grant or subgrant supported activity, or earned only as a result of the grant or subgrant agreement during the grant period. Program income includes but is not limited to:

1. Income from fees for services performed during the award, grant, or award/grant period;
2. Proceeds from the usage of or sale of tangible personal or real property acquired with an award, grant or subgrant;
3. Income from the sale of commodities or items fabricated under an award, grant or subgrant;
4. Income received from royalties, license fees, or other income earned by a recipient from a copyrighted work under an award, grant or subgrant;
5. Income from royalties or equivalent income earned from patents or from inventions under an award, grant or subgrant; and
6. Income earned that arises from or is attributable to an activity while supported by an award, grant or subgrant which does not accrue until after the period of award, grant or subgrant support.

The grantee is authorized to utilize the “addition method” if any program income is generated throughout the duration of the grant. The grantee is allowed to deduct cost incidental to generating program income to arrive at a net program income [29 CFR part 95.24 (c)]; or [29 CFR Part 97.25 (c) (g) (2)].

Program income may not be used for students or workplace mentors wages. (Section 601(6) School to Work Opportunities Act of 1994.)

Program income may not be used for activities other than School to Work activities. (Section 205.215 and 304 School to Work Opportunities Act of 1994 School to Work Opportunities Act of 1994.)

Examples of Program Income

- School-to-Work funds pay for a training course and the participants are charged tuition or registration fees.
- School-to-Work funds pay for a conference and a fee is collected from attendees.
- School-to-Work funds pay for books and materials in a class and the participants are charged an amount for the items; the amount in excess of the cost is program income.
- A training coordinator, paid with School-to-Work funds, supervises a group of youth that builds or constructs an item and sells it for more than its cost to make; the receipts in excess of the cost are considered program income.

SECTION VIII

AUDITS

Audits

Subgrantees are responsible for obtaining audits in accordance with the Single Audit Act of 1984 (31 U.S.C. 7501-7) and federal agency implementing regulations. The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits. The audit should focus on systems integrity more than program compliance. Auditors are responsible for ensuring its conduct per A-133 standards.

Subgrantees and contractors are required by the Single Audit Act to be audited in accordance with OMB Circular A-133. Only those agencies with aggregate federal expenditures (not only School-to-Work expenditures) from all sources totaling \$300,000 or more are required to obtain an annual audit.

Governmental entities are required to be audited annually in accordance with OMB Circular A-133 (audits of state, local governments and nonprofit organizations.).

All audit reports are to be submitted to the granting agency within 9 months and are to include a data collection form, a corrective action plan, and finding are resolved in six (6) months

Subgrantee Responsibilities.

Subgrantees that receive Federal financial assistance shall:

1. Determine whether contractors have met the audit requirements of the Act and whether contractors covered by OMB Circular A-133, have met the audit requirements in that circular. Commercial contractors (private-for-profit and private and governmental organizations) providing goods and services to subgrantees are not required to have a single audit performed. Subgrantees should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds.

VIII.1

2. Determine whether the contractors spent Federal financial assistance funds provided in accordance with applicable laws

and regulations. This may be accomplished by reviewing an audit of the contractors made in accordance with the Act, OMB Circular A-133, or through other means (e.g., program reviews) if the contractor has not had such an audit;

3. Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instance of noncompliance with Federal laws and regulations. Subgrantees shall use the procedures established in this section to resolve any instances of noncompliance disclosed in their audit;
4. Consider whether contractor audits necessitate adjustment of the subgrantee's own records; and
5. Require each contractor to permit independent auditors to have access to the records and financial statements.

Auditor Selection

In arranging for audit services, Section XIV of this guide, Procurement, shall be followed.

PROCEDURE FOR RESOLUTION OF AUDIT FINDINGS

At a minimum, the process for resolving audit findings shall include:

1. An evaluation of the subgrantee's corrective action plan;
2. An initial determination;
3. An informal resolution period;
4. A final determination; and
5. Appeals

VIII.2

1. Subgrantee Corrective Action Plan

Each subgrantee is required to submit a corrective action plan. The corrective action plan shall provide comments on the findings and

recommendations in the audit report including corrective actions taken or planned to resolve the findings. If a corrective action is not necessary, the subgrantee must provide a written statement describing the reason correction action is not necessary.

2. Initial Determination

The School-to-Work Branch will review the subgrantee's corrective action plan and issue an initial determination on the allowability of the questioned costs or activities and administrative or systemic findings outlined by the plan. Such determination shall be based on applicable statutes, regulations, administrative directives, or grant/contract conditions.

The School-to-Work Branch shall provide written notice to the subgrantee regarding the allowance or disallowance of the questioned costs/findings.

Defining Disallowed Costs

The School-to-Work Branch shall consider the following basic rules in determining whether to allow or disallow costs:

- a. **Violation of Statute.** Any cost which is related to a violation of an applicable federal, state or local statute or ordinance must be disallowed.
- b. **Violation of a Rule or Regulation.** Any cost which is related to a violation of applicable federal or state rules or regulations must be disallowed.
- c. **Violation of Contract Terms.** Any cost which is related to a violation of the terms of the subgrantee's contract may be disallowed at the discretion of the School-to-Work Branch.
- d. **Violation of School-To-Work Policies and Procedures.** Any cost which is related to a violation of a written policy or procedure established by the School-to-Work Branch may be disallowed at the discretion of the Office.

VIII.3

3. Informal Resolution Period

The subgrantee shall have time informally to resolve those matters in which the subgrantee disagrees with the decisions made by the School-to-Work Branch. The subgrantee may request that an informal resolution meeting be scheduled with the School-to-Work Branch staff

to discuss resolution efforts. The request must be made within thirty (30) days from the issuance date of the initial determination

4. Final Determination

The School-to-Work Branch shall issue a final determination that:

- a. As appropriate, indicate that efforts to informally resolve matters contained in the initial determination have either been successful or unsuccessful;
- b. List those matters upon which the parties continue to disagree;
- c. List any modifications to the factual findings and conclusions set forth in the initial determination; and
- d. List any sanctions and required corrective actions, and set forth any appeal rights.

5. Appeals

The subgrantee may appeal the final determinations of the School-to-Work Branch by filing a request with the Cabinet for Workforce Development, Office of General Counsel, within thirty (30) days from the issuance date of the final determination.

DEBT COLLECTION POLICY

Establishment of Debt for Disallowed Costs

After issuance of a final determination (including appeals), in which a cost has been disallowed, the School-to-Work Branch shall establish a debt in the records of account for the total costs disallowed.

VIII.4

Collection of Disallowed Costs

The School-to-Work Branch shall notify the subgrantee in writing that a given cost has been disallowed and that a debt has been established in the Office's records. The subgrantee shall arrange for disposition of all disallowed costs.

Disposition of Disallowed Costs

The School-to-Work Branch shall determine which of the following methods will be used to dispose of the disallowed costs:

1. Temporarily withhold cash payments pending correction of the deficiency by the subgrantee or more severe enforcement action by the Council;
2. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
3. Wholly or partly suspend or terminate the current award for the subgrantee's program;
4. Withhold further awards for the program;
5. Take other remedies that may be legally available;
6. Repayment in cash from non-federal sources; or
7. Deduction from outstanding reimbursements due the subgrantee.

Failure to Answer Disallowed Costs Notification

If the subgrantee fails to answer the initial notification of disallowed costs within the established time limit, a second letter shall be sent to the subgrantee requesting that immediate action be taken to dispose of the debt. Failure to respond to the second notification may result in the debt being referred to the Cabinet for Workforce Development, Office of General Counsel for legal action.

VIII.5

SECTION IX

EQUIPMENT

Equipment

No equipment purchases are allowed using funds from the 2002-2003 School-to-Work/School To Careers Subgrant Agreements.

SECTION X

SUPPLIES

Title

Title to supplies acquired under a grant or subgrant will vest, upon acquisition, to the grantee or subgrantee.

SECTION XI

COPYRIGHTS

Copyrights

The federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for federal government purposes:

1. The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and
2. Any rights of copyright to which a subgrantee or a contractor purchases ownership with grant support.

SECTION XII

SUBAWARDS TO DEBARRED AND SUSPENDED PARTIES

Debarment And Suspension

Subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension."

SECTION XIII

PROCUREMENT

Procurement Standards

The subgrantees shall use their own procurement procedures which must reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified by the US Department of Labor. All procurements must be determined to be the best value (quality and price) and must represent full and open competitions.

The subgrantees shall maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

XIII.1

SECTION XIV

BONDING

Bonding and Insurance

Each subgrantee shall establish standards and practices with respect to bonding and insurance procedures. No additional bonding and insurance requirements, including fidelity bond, shall be imposed by the terms of the subgrant.

Each subgrantee must ensure that every director, officer, agent, or employee who is authorized to act on behalf of the subgrantee in receiving or depositing funds or in issuing financial documents, checks, or other forms of payment is bonded to provide protection against loss.

SECTION XV

CONTRACT PROVISIONS

Contract Provisions

Subgrantee contracts must contain the following provisions:

1. Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts other than small purchase.)
2. Termination for cause and for convenience by the subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000.)
3. Compliance with Executive Order 11246 of September 24, 1965 entitled "Equal Employment Opportunity," as amended by Executive Order 11375 of October 13, 1967 and as supplemented in Department of Labor regulations (41 CFR Part 60). (All construction contracts awarded in excess of \$10,000 by subgrantees and their contractors.)
4. Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and subgrants for construction or repair.)
5. Compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts in excess of \$2,000 awarded by subgrantees when required by federal grant program legislation.)
6. Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). (Construction contracts awarded by subgrantees in excess of \$2,000 and in excess of \$2,500 for other contracts which involve the employment of mechanics or laborers.)
7. Notice of awarding agency requirements and regulations pertaining to reporting.

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8. Notice of the awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or

invention which arises or is developed in the course of or under such contract.

9. The awarding agency requirements and regulations pertaining to copyrights and rights in data.
10. Access by the grantee, the subgrantee, the federal grantor agency, the comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
11. Retention of all required records for three (3) years after subgrantees make final payments and all other pending matters are closed.
12. Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000.)
13. Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Public Law 94-163).

SECTION XVI

RECORD RETENTION

Record Retention

Subgrantees shall keep intact and accessible all financial and programmatic records, supporting source documentation, statistical records and other records pertinent to a grant award.

Length Of Retention Period

Except as otherwise provided, records must be retained for three (3) years from the starting date specified in paragraph below entitled "*Starting Date Of Retention Period.*"

If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

Starting Date of Retention Period

When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the subgrantee submits to the School-to-Work Branch its single or last expenditure report for that period.

Substitution Of Microfilm

Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

Access To Records

The School-to-Work Branch, or any of their authorized representatives, have the right of timely and reasonable access to any books, documents, papers, computer records, or other records of subgrantees that are pertinent to the grant, in order to conduct audits and examinations, and to make excerpts, transcripts and photocopies

XVI.1

of such documents. This right also includes timely and reasonable access to subgrantee personnel for the purpose of interview and

discussion related to such documents. The right of access in this section is not limited to the required retention period but shall last as long as the records are retained.

Expiration Of Rights Of Access

The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

Restrictions On Public Access

The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to records. Unless required by federal, state, or local law, subgrantees are not required to permit public access to their records.

SECTION XVII

ENFORCEMENT

Remedies For Noncompliance

If a subgrantee materially fails to comply with any term of an award, whether stated in a federal statute or regulation, an assurance, in a state plan or application, a notice of award, or elsewhere, the School-to-Work Branch may take one or more of the following actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments pending correction of the deficiency by the subgrantee or more severe enforcement action by the Council;
2. Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance;
3. Wholly or partly suspend or terminate the current award for the subgrantee's program;
4. Withhold further awards for the program;
5. Take other remedies that may be legally available;
6. Repayment in cash from non-federal sources; or
7. Deduction from outstanding reimbursements due to the subgrantee.

Hearings And Appeals

In taking an enforcement action, the School-to-Work Branch will provide the subgrantee an opportunity for such hearing, appeal, or other administrative proceeding to which the subgrantee is entitled under any statute or regulation applicable to the action involved.

XVII.1

Effects Of Suspension And Termination

Costs of subgrantee resulting from obligations incurred by the subgrantee during a suspension or after termination of an award are not allowable unless the School-to-Work Branch expressly authorizes them in the notice of suspension or termination or subsequently. Other subgrantee costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:

1. The costs result from obligations which were properly incurred by the subgrantee before the effective date of suspension or termination, are not in anticipation of it, and, in the case of termination, are noncancellable; and
2. The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

Relationship To Debarment And Suspension

The enforcement remedies identified in this section, including suspension and termination, do not preclude subgrantees from being subject to “Debarment and Suspension” under E.O., 12549.

SECTION XVIII

TERMINATION FOR CONVENIENCE

Awards Terminated

Except as provided by the US Department of Labor awards may be terminated in whole or in part as follows:

1. By the Workforce Development Cabinet with the consent of the subgrantee in which case the two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion to be terminated; or
2. By the subgrantee upon written notification to the School-to-Work Branch, setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of a partial termination, the School-to-Work Branch determines that the remaining portion of the award will not accomplish the purposes for which the award was made, the School-to-Work Branch may terminate the award in its entirety.
3. By the grantor if a subgrantee materially fails to comply with any term of an award, whether stated in federal statute or regulations, an assurance, in a state plan or application, a notice of award, or elsewhere, the grantor may whole or partially terminate the current award for the subgrantees program.

SECTION XIX

MONITORING

FINANCIAL MONITORING

Financial monitoring is defined as a process by which data is collected for the purpose of determining whether financial management requirements and cost category limitations of the subgrant agreement are being met.

In order to ensure the safeguarding and integrity of School-to-Work/School To Careers funds, all subgrantees are required to establish and maintain a financial management system that complies with the standards set forth by the US Department of Labor. In addition to the establishment of this fiscal system, it is necessary that all subgrantees be monitored and that methods for the resolution of deficiencies be established when they are noted. To accomplish this, monitoring must occur at all levels of accountability - the state level, the subgrantee level and the contractor level. The School-to-Work Branch has adopted the following policies and procedures in relation to the monitoring of School-To-Work funds:

THE SCHOOL-TO-WORK BRANCH SHALL:

1. Provide desk-top monitoring of all financial invoices in order to ensure that the subgrantee adheres to the cost limitations set forth in the detailed budget of the contract;
2. Have a fiscal monitoring instrument, which will be used to review subgrantee programs for compliance;
3. Provide financial monitoring not less than once annually. The review shall consist of monitoring subgrantee administrative and line item expenditures, examining back-up documentation, and randomly monitoring selected subgrantee's contractors, where applicable. The review will also include, but is not limited to, audit finding resolution, program income issues, and an evaluation of the financial management system of the subgrantee; and

4. Make the findings of the monitoring visit available to the subgrantee and the Local Partnership Council. The School-to-Work Branch shall recommend appropriate actions to be taken in order to modify, rectify or implement a particular procedure.

SUBGRANTEES SHALL:

1. Ensure that the School-to-Work Branch has access to any pertinent books, documents, papers and records, computer files, etc. relating to the administration of the program. The subgrantee must also ensure, during the monitoring visit, that all staff members are made available for interview as deemed necessary;
2. Establish a monitoring instrument to evaluate the financial systems of its contractors;
3. Regularly monitor and review the financial systems of its contractors using the monitoring instrument;
4. Identify all problems and assess any finding;
5. Promptly provide corrective action relating to any finding or problem and/or take necessary remedial action; and
6. Use all findings of that contractor to determine the potential effectiveness for future contracts.

PROCEDURE FOR ISSUANCE OF MONITORING REPORTS

The School-to-Work Branch will meet with subgrantee before leaving the site to discuss any finding and recommendations. The School-to-Work branch will issue monitoring reports within a sixty- (60) day period from the conclusion of the monitoring visit.

XIX.2

PROCEDURE FOR RESOLUTION OF MONITORING REPORT FINDINGS

The subgrantee will have a period no more than 90 days to develop and implement a corrective action plan. The School-to-Work Branch will review the plan and visit the site to determine that the plan has been implemented.

Insofar as possible, the resolution of monitoring findings shall be completed within 180 days of the date the monitoring report was issued.

SECTION XX

STAND-IN COSTS

STAND-IN COSTS

Subgrantees will be allowed to substitute stand-in costs for federal costs which may have been disallowed as a result of an audit or other review. Stand-in costs is defined as any cost paid from non-federal sources which a subgrantee proposes to substitute for federal costs which may have been disallowed as a result of an audit or other review. In order to be considered as valid substitutions, the costs must have been reported to the School-to-Work Branch on the Quarterly Financial Match Report (STW-101) by the subgrantee as uncharged program costs in the same year in which the disallowed costs were incurred. Failure to report the unbilled costs disqualifies the costs for stand-in consideration. Stand-in costs shall have been actually incurred as allowable STW costs that were reported, **over and above the required match**, as uncharged to the STW program, included in the scope of the audit or other review and accounted for in the subgrantee's financial system.

Stand-in costs are substitutes, disbursed or accounted for from non-Federal funds, for disallowed STW costs identified in an audit or other review. Consideration for stand-in will be given only when the following conditions regarding cost sharing or matching have been met.

All contributions, including cash and third in-kind, are accepted as part of the subgrantee's cost sharing or matching when contributions meet the following criteria:

1. Are verifiable from the subgrantee's records;
2. Are not included as contributions for any other federally assisted project or program;
3. Are necessary and reasonable for proper and efficient accomplishments of project or program objectives;
4. Are allowable under applicable cost principles;

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5. Are not paid by the federal government by another award, except where authorized by federal statute to be used for cost sharing or matching; and

6. Are provided for in the approved budget when required by the School-to-Work Branch.
7. Conform to any other laws, regulations, and/or contractual provisions governing the School-to-Work Opportunities Act of 1994.

Unrecovered indirect costs may be included as part of the cost sharing or matching only with the prior approval of the School-to-Work Branch.

Values for subgrantee contributions of services and property shall be established in accordance with the applicable cost principles. If the School-to-Work Branch authorizes subgrantees to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of:

1. The certified value of the remaining life of the property recorded in the subgrantee's accounting records at the time of the donation; or
2. The current fair market value. However, if there is sufficient justification, the School-to-Work Branch may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral part of an approved project or program. Rates for volunteer services must be consistent with those paid for similar work in the subgrantee's organization. In those instances in which the required skills are not found in the subgrantee organization, rates must be consistent with those paid for similar work in the Labor Market in which the subgrantee competes for the kind of services involved. In either case,

paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

When an employer other than the subgrantee furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

The method used for determining cost sharing or matching for donated equipment, buildings, and land for which title passes to the subgrantee may differ according to the purpose of the award.

1. If the purpose of the award is to assist the subgrantee in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.
2. If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the School-to-Work Branch has approved the charges.

The value of donated property must be determined in accordance with the usual accounting policies of the subgrantee, with the following qualifications:

- a) The value of the donated land and buildings may not exceed its fair market value at the time of donation to the subgrantee as established by an independent appraiser (e.g. certified real property appraiser or General Services Administration representative) and certified by a responsible official of the subgrantee.
- b) The value of the donated equipment may not exceed the fair market value of equipment of the same age and condition at the time of donation.
- c) The value of donated space may not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- d) The value of loaned equipment shall not exceed its fair rental value.
- e) The following requirements pertain to the subgrantee's supporting records for in-kind contributions from third parties:
 - i) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the subgrantee for its own employees.
 - ii) The basis for determining the valuation for personal service, material, equipment, buildings, and land must be documented.

STAND-IN COSTS AND FINDINGS RESOLUTION

The application of stand-in costs occurs at the findings resolution stage. If a subgrantee agrees that an auditor/reviewer's questioned cost is unallowable and wishes to propose the use of stand-in costs as substitutes for otherwise unallowable costs, the proposal shall be included with the findings resolution report or other document by which

the subgrantee provides its comments to the School-to-Work Branch. If the subgrantee is uncertain about the allowability of the auditor/reviewer's questioned cost before receipt of the Initial Determination, the proposal to use stand-in costs may be presented during the informal resolution period.

If the subgrantee proposes to use stand-in costs as a substitute for costs that it has already determined are unallowable, that proposal must be included with the findings resolution report.

CAUTION: Stand-in costs cannot be fabricated using circumstances or conditions that appear to be legitimate liabilities if no actual costs are incurred by any entity. For example, a local school district provides free space for the STW program in a building that has been fully depreciated. The only facility-related costs the school district actually pays are for general maintenance. A liability created by STW related to rental costs that were never paid is not a legitimate stand-in cost. The only legitimate stand-in cost available in this example, assuming that all recording and reporting requirements have been satisfied, is an allocable share of the general maintenance cost based on square footage occupied, or another allocation method that would be more equitable.

Certain costs, including "in-kind" contributions are not considered unpaid STW program liabilities; therefore, they cannot be used as stand-in costs. Examples of costs that are not stand-in costs include:

- ◆ Uncompensated overtime
- ◆ Unbilled rental costs associated with fully depreciated publicly owned buildings
- ◆ Allocated costs derived from an improper allocation methodology
- ◆ Discounts

Two other restrictions to the use of stand-in cost are as follows:

1. As stated above, allowable stand-in costs may be used to trade or substitute for disallowed costs under certain conditions. The source of stand-in, however, is intended to be limited to the same entity which incurred the disallowed costs.
2. If the cause of the disallowed costs was fraud, the School-to-Work Branch can not consider proposals of stand-in to substitute for such costs.

ATTACHMENT A

**FINANCIAL REPORTING
INVOICE**

SCHOOL-TO-WORK BRANCH FINANCIAL REPORTING INVOICE

1. NAME OF SUBGRANTEE

2. ADDRESS

3. PHONE NO.

4. LLMA NUMBER

5. INVOICE NUMBER

6. INVOICE PERIOD (month/year)

CATEGORY	7. BUDGET	8. PRIOR EXP	9. CURRENT PROGRAM EXP LESS ADMIN	10. CURRENT ADMIN EXP (DO NOT INCLUDE IN COLUMN #9)	11. BALANCE
PERSONNEL					\$0.00
FRINGE					\$0.00
TRAVEL					\$0.00
EQUIPMENT					\$0.00
SUPPLIES					\$0.00
CONTRACTUAL					\$0.00
Project awards					\$0.00
Other contracts					\$0.00
OTHER					\$0.00
TOTAL EXP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

	12. REV fromSTW	13. Program Income	14. AMOUNT DUE
CUMULATIVE REVENUE			\$0.00

I certify that the above amounts reflect accurate, true, and allowable expenditures taken from the subgrantee's book of accounts. All documentation to support these expenditures are on file at the subgrantee site and are available for review.

For Office of School-To-Work Use Only

Date Received:	
Date Processed:	
Payment This Invoice:	
Pay Document #:	

15. FISCAL AGENT'S SIGNATURE AND DATE

16. TELEPHONE #

(Payment cannot be made without an original signature)

NOTE: This form should be submitted to: Angie Risk, Administrative Specialist, Office of School-to-Work, 229 W. Main Street, suite 304, Frankfort, KY 40601.

INSTRUCTIONS FOR COMPLETING THE SCHOOL-TO-WORK FINANCIAL REPORTING INVOICE (STW-100)

1. **NAME OF SUBGRANTEE:** **Complete** the full name of the subgrantee as shown in the contract.
2. **ADDRESS:** Complete the full mailing address of the subgrantee.
3. **PHONE NUMBER:** **Complete** the phone number of the subgrantee.
4. **LLMA NUMBER:** **Fill** in the number of the Local Labor Market Area.
5. **INVOICE NUMBER:** **Fill** in the number of the invoice. Invoices should be submitted on a monthly basis and should be numbered consecutively. ***If the invoice is a final invoice, please type "Final" next to the number.***
6. **INVOICE PERIOD:** **Fill** in the period the invoice covers. **This should be the month and year.**
7. **BUDGET:** Complete the budgeted amounts agreed upon in the contract. If a modification has been requested and **has been approved** fill in the revised amount. If a modification has been requested **but has not been approved** use the original amount.
8. **PRIOR EXPENSES:** **Complete** the total (**both admin and program expenses**) amount of expenditures report **and approved** on all prior invoices.
9. **CURRENT PROGRAM EXPENSES LESS ADMIN:** **Complete** the current **PROGRAM** expenses incurred for the reporting period. **DO NOT INCLUDE ADMIN COSTS.**
10. **CURRENT ADMIN EXPENSES:** **Complete** the current **ADMINISTRATIVE** expenses incurred for the reporting period. **DO NOT INCLUDE ANY PROGRAM EXPENSES.**
11. **BALANCE:** Complete the balance for each line item. The balance is calculated by subtracting the cumulative expenses for **both PROGRAM and ADMIN** from the approved budget.
12. **REV FROM STW:** **Complete** the total amount of revenue (reimbursement) received from the Office of School-To-Work to date.
13. **PROGRAM INCOME:** Complete the total amount of program income earned from the School-To-Work program to date.
14. **AMOUNT DUE:** **Calculate** the total amount due from the School-to-Work Branch by adding the totals of columns 9 and 10.
15. **FISCAL AGENT'S SIGNATURE AND DATE:** The Fiscal Agent must sign the invoice. **Payment cannot be made without an original signature.**
16. **TELEPHONE #:** Enter the telephone number of the individual completing the invoice.

ATTACHMENT b

QUARTERLY FINANCIAL
MATCH REPORT

SCHOOL-TO-WORK BRANCH

QUARTERLY FINANCIAL MATCH REPORT

1. NAME OF SUBGRANTEE _____

2. ADDRESS _____

3. TELEPHONE NUMBER _____

4. LLMA NUMBER (If applicable) _____ 5. REPORT NUMBER _____

6. REPORTING PERIOD _____

7. BUDGET PERIOD _____ 8. CONTRACT NUMBER _____

CATEGORY	9. MATCH BUDGET	10. QUARTERLY MATCH EXPEND.	11. CUMULATIVE MATCH EXPEND.
PERSONNEL			
FRINGE BENEFITS			
TRAVEL			
EQUIPMENT			
SUPPLIES			
CONTRACTUAL			
OTHER			
TOTAL	0	0	0

I certify that the above amounts reflect allowable costs and/or in-kind contributions towards satisfying the match requirements as stated in the contract. I further attest that documentation to support these costs is on file at the subgrantee site and is available for review.

12. Fiscal Agent: _____

Date _____
—

13. Prepared By: _____ Date _____

INSTRUCTIONS FOR COMPLETING THE QUARTERLY FINANCIAL MATCH REPORT (STW-101)

1. **Name of subgrantee:** Enter the full name of the subgrantee as stated in the contract.
2. **Address:** Enter the full mailing address of the subgrantee.
3. **Telephone Number:** Enter the telephone number of the subgrantee.
4. **LLMA Number (if applicable):** Enter the number of the Local Labor Market Area, if applicable.
5. **Report Number:** Enter the report number. For example: If the budget period is 10/1/99 - 9/30/00, the report number will be "1" for reporting period 10/1/99 - 12/31/99; "2" for reporting period 1/1/00 - 3/31/00; "3" for reporting period 4/1/00 - 6/30/00 and "4" for reporting period 7/1/00 - 9/30/00. **When submitting the year-end match report please type "Final" next to the report number.**
6. **Reporting Period:** Enter the quarter period being reported, for example, 7/1/00 - 9/30/00.
7. **Budget Period:** Enter the period of funding as it appears in the contract, for example, 10/1/99 - 9/30/00.
8. **Contract Number:** Enter the contract number as it appears on the contract.
9. **Match Budget:** Enter the match budget amounts as outlined in the contract.
10. **Quarterly Match Expenses:** Enter the amount of expenses incurred for the match only. The amount should reflect actual costs and in-kind contributions provided to satisfy the match requirement.
11. **Cumulative Match Expenses:** Enter the cumulative amount of expenses incurred for the match only. The amount should reflect actual costs and in-kind contributions provided to satisfy the match requirement.
12. **Fiscal Agent's Signature and Date:** The STW-101 must be signed and dated by the fiscal agent.
13. **Prepared By:** The STW-101 must be signed and dated by the individual preparing the report.

ATTACHMENT C

**BUDGET
MODIFICATION
REQUEST**

SCHOOL-TO-WORK BRANCH BUDGET MODIFICATION REQUEST

1. NAME OF SUBGRANTEE

ADDRESS

3. TELEPHONE NUMBER

4. LLMA # (If applicable)

5. REQUEST NUMBER

6. REQUEST PERIOD

7. BUDGET PERIOD

8. CONTRACT
NUMBER

9. REQUEST TO MODIFY (Check One):

School-To-Work Funds Budget

☐

10. Check One:

School-To-Work Match Budget

☐

Under 20%

☐

20% or Over

☐

COST CATEGORY	11. CURRENT BUDGET AMOUNTS	12. INCREASE (+)	13. DECREASE (-)	14. NEW REVISED AMOUNT
Personnel				
Fringe Benefits				
Travel				
Equipment				
Supplies				
Contractual				
Other				
TOTALS				

NOTE: All Budget Modification Requests must be accompanied by a narrative justification for the proposed revision. See Section III, of the School-To-Work Financial Management Guide for detailed information concerning budget modifications.

15. Fiscal Agent:

Signature

Date

16. Prepared by:

Signature

Date

Telephone Number

17. OFFICE OF SCHOOL-TO-WORK APPROVAL:

Executive Director's Signature

Date

INSTRUCTIONS FOR COMPLETING THE BUDGET MODIFICATION REQUEST FORM (STW-103)

1. **Name of subgrantee:** Enter the full name of the subgrantee as stated in the contract.
2. **Address:** Enter the full mailing address of the subgrantee.
3. **Telephone Number:** Enter the telephone number of the subgrantee.
4. **LLMA Number (if applicable):** Enter the number of the Local Labor Market Area, if applicable.
5. **Request Number:** Enter the request number. For example, if the request is the first request the subgrantee has submitted during the budget period, enter "1".
6. **Request Period:** Enter the period (quarter) in which the request is being made, for example, 10/1/99 - 12/31/99. (Subgrantees may submit a request for budget modification, no more than once, each quarter.)
7. **Budget Period:** Enter the period of funding as it appears in the contract, for example, 10/1/99 - 9/30/00.
8. **Contract Number:** Enter the contract number as it appears on the contract.
9. **Request To Modify (Check One -** Identify whether the request is to modify the STW funds budget or match budget by checking the appropriate space.
10. **Check One: Until the cumulative dollar amount of the change reaches 20% of the total budget for the year, check the "under 20%" block. When the cumulative dollar amount of the change reaches 20% of the total budget for the year, check the "20% or over" block each and every subsequent time a budget modification request is submitted.**
11. **Current Budget Amounts:** Enter current budget amounts as outlined in the contract or the subgrantee's most recent approved budget modification.
12. **Increase:** Enter the amount the subgrantee is proposing to increase each cost category.
13. **Decrease:** Enter the amount with a minus sign (such as -2,500) the subgrantee is proposing to decrease each cost category.
14. **New Revised Amount: If using the EXCEL format, the balance will be entered automatically. If manually entering the information, enter the balance of each line item after increase/decrease. The total amount in column 14 must correspond with the total amount in column 11.**
15. **Fiscal Agent's Signature and Date:** The STW-103 must be signed and dated by the fiscal agent.
16. **Prepared By:** The STW-103 must be signed and dated by the individual preparing the request. Enter the telephone number of the individual preparing the request.
17. **Office of School-To-Work Approval:** Upon approval, the STW Director will sign the STW-103. A copy will be returned to the subgrantee and a copy retained in the subgrantee's contract file.

NOTE: Budget Modification Requests, with original signatures, should be mailed to: Angie Risk, Administrative Specialist, Workforce Development Cabinet, Office of School-To-Work, 229 W. Main Street, Suite 304, Frankfort, KY 40601.